

Service Date: October 24, 1991

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF The Application)	
Of the MONTANA POWER COMPANY for)	UTILITY DIVISION
Authority to Implement a Qualify-)	
ing Facilities Cost Tracking Mech-)	
anism and for Approval to Increase)	DOCKET NO. 90.3.17
Rates and Charges for Electric)	
Service in the State of Montana)	
to Reflect QF Tracking Costs and)	ORDER NO. 5465e
Increased Depreciation Expense.)	

AMENDED FINAL ORDER

On August 29, 1991 the Montana Public Service Commission (Commission) issued Final Order No. 5465d in this Docket. In that Order the Commission, among other things, authorized the Montana Power Company (MPC) to reflect in rates \$3,783,622 of unreflected QF expenses for the period 3/21/90 through 7/11/91. The background to that decision is fully described in Order No. 5465d.

On September 13, 1991 the Commission received a request from MPC to increase the unreflected amount to be recovered in rates by \$359,794.28. This additional expense was incurred by MPC as a result of an informal resolution of a disagreement over the proper period encompassed by the "first contract year" under the power purchase agreement between MPC and Colstrip Energy Limited Partnership (CELP), the owner of the Montana One project. Under the resolution, MPC agreed that the power purchase agreement, as amended, provided for an initial contract year beginning May 3,

1990 (the date Montana One began commercial operation) and ending June 30, 1990, rather than June 30, 1991. The effect of determining a "first contract year" of less than two months, as opposed to almost fourteen months, is that MPC is obligated to purchase certain Montana One power at contract rates, rather than lower system lambda rates. The difference between the cost of the power at contract rates, rather than system lambda rates, is the \$359,794.28 referred to above.

The Commission will approve MPC's request. Though the disputes over the proper interpretation of the power purchase agreement between MPC and CELP indicate a certain sloppiness in drafting (something the Commission hopes can be avoided in future contracts), the Commission cannot conclude that the obligations incurred by MPC are imprudent and not properly included in rates.

CONCLUSIONS OF LAW

Applicant, Montana Power Company, provides electric service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana rates and operations pursuant to Title 69, Chapter 3, MCA.

ORDER

NOW THEREFORE IT IS ORDERED that the Montana Power Company shall, from the effective date of this Order, accrue an additional \$359,794.28 in QF tracking expense for the period 3/21/90 through 7/11/91, to be added to the \$3,783,622 of QF expense authorized for

DOCKET NO. 90.3.17, ORDER NO. 5465e

3

reflection in rates in order No. 5465d. Interest on the additional amount may accrue from the effective date of this order to November 1, 1991, the rate implementation date established in Order No. 5566, Docket No. 91.8.31.

Done and Dated this 16th day of October, 1991 by a vote of 4-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

JOHN B. DRISCOLL, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

BOB ANDERSON, Commissioner
(Voting to Dissent)

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.